

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of	)	
	)	
Telephone Number Portability	)	CC Docket No. 95-116
Tariff Filings	)	
	)	
Sprint Local Telephone Companies	)	
Tariff F.C.C. No. 1	)	
Transmittal No. 72	)	

**REPLY TO PETITION TO REJECT OR SUSPEND**

Sprint Local Telephone Companies ("Sprint LTCs") file this Reply in response to the Petition to Reject or Suspend Tariff filed by AT&T Corporation ("AT&T"). AT&T is the only party challenging Sprint LTC's local number portability ("LNP") tariff. Nowhere in its petition, however, does AT&T endeavor to explain just how it has standing to challenge this particular tariff or what its interest is in Sprint's end user surcharge.

In the end, AT&T's petition is little more than a thinly veiled attempt to substitute its judgement for the Commission's. Sprint contends that AT&T's claims are dependent upon the mischaracterization of both the Commission's orders and Sprint's cost support. Sprint asserts that the costs it included in support of its LNP end user surcharge as well as its N-1 query charge meet the

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Commission's criteria, specifically the two-pronged test set forth in the *Cost Classification Order*.<sup>1</sup>

**I. Sprint Followed the Commission's Directive Regarding the Recovery of OSS Costs.**

If AT&T is to be believed, local exchange carriers ("LECs") are not permitted to recover any of the costs associated with upgrading their operational support systems ("OSS") in order to provide LNP. The Commission's directive is not as punitive as AT&T would like it to be. In fact, the very language that AT&T quotes in its petition makes clear that costs incurred for the portability function may be recovered.

Even AT&T cannot argue that LNP can be provided without impacting OSS; nor can it argue – credibly – that costs incurred as a direct result of LNP implementation may not be recovered. In calculating its costs associated with OSS, Sprint was careful to include only those amounts directly linked to the LNP function. Regardless of AT&T's pejorative charges, Sprint did not "pad" its cost recovery. Every item listed was judged by the two-pronged test and found to be a direct result of LNP and necessary for the provision of LNP. Notably, AT&T does not challenge any specific Sprint cost; rather it relies on the flimsy generic, and unsupported, assertion that the charges do not comport with the Commission's order.

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<sup>1</sup> Telephone Number Portability, CC Docket No. 95-116, Memorandum Opinion and Order, DA 98-2534, released December 14, 1998 (*Cost Classification Order*).

Because AT&T is wrong regarding Sprint's ability to recover LNP costs flowing directly from LNP implementation, and because AT&T is not able to identify any particular cost that it finds objectionable, the Commission should reject AT&T's claims on this point.

**II. Sprint's Cost Recovery Will Not Exceed the Mandated Five-Year Period.**

AT&T next asserts that Sprint has ignored the Commission's directive limiting LNP cost recovery to a five-year period. AT&T contends that the five-year limitation means that Sprint may recover only five years of LNP-related expenses. Here again, AT&T has chosen to misconstrue the Commission's orders for purposes only it can understand. The five-year recovery period set forth in the *Third Report and Order*<sup>2</sup> applies to the period of time during which the end user charge may be applied. Nowhere in that order or in the rules resulting from the order is it suggested that only five years of LNP expenses may be recovered. On this point, AT&T is simply wrong.

In strict compliance with the Commission's mandate, Sprint's end user charge will be effective in February 1999 and will expire January 2004. Sprint's LNP cost recovery will not, therefore, exceed the five-year threshold.

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<sup>2</sup> Telephone Number Portability, CC Docket No. 95-116, Third Report and Order, FCC 98-82, released May 12, 1998 (*Third Report and Order*).

### **III. Sprint's Query Charge Comports with the Commission's Orders.**

AT&T's major concern, as evidenced by the 80-plus page attachment to its petition, surrounds the point in time at which it is appropriate to levy the query charge. AT&T misconstrues the Commission's findings on this issue, maintaining that the orders to date "prohibit charges for queries unless a call terminates to an end office from which at least one number has been ported" (Petition at p. 5). As the Commission is of course aware, no such prohibition exists.

AT&T argues that "[t]he fact that Sprint may believe that its proposed querying method is more reliable is irrelevant..." (Petition at p. 6). In other words, AT&T believes that when it comes to determining when the query charge should be effective, its method is the only acceptable method. Sprint suggests that mere repetition of an idea, such as AT&T has done with its 80 page exhibit, does not work to give the idea credibility.

Sprint reiterates that charging for queries once an NXX is listed as portable in the Local Exchange Routing Guide ("LERG") is both sensible and appropriate. As noted in the D&J, the LERG date allows for uniformity of notice regarding the availability of LNP in a switch. Moreover, the LERG date represents the timeframe in which the requesting competitive local exchange carrier ("CLEC") required LNP to be available in a switch. It is, therefore,

appropriate for that same timeframe to act as the beginning of cost recovery for the LEC.

Finally, Sprint finds AT&T's persistence on this issue somewhat puzzling. The query service is not a LEC "bottleneck" service – it is a competitive service that AT&T can purchase from various carriers. Consequently, it is up to Sprint to define, subject to applicable FCC precedent, when the charge will apply.

**IV. The Inclusion of Costs Associated with Implementing Wireless LNP is Appropriate.**

AT&T attempts to dismiss the expenses associated with the implementation of wireless service provider portability by claiming that rate center changes are not necessitated by wireless LNP. AT&T's assumptions on this point are shortsighted. While recognizing the unique issues surrounding wireless portability and that the Commission has before it a Petition to Forbear from this requirement, the Commission has nonetheless directed wireless carriers to implement LNP by March 31, 2000. Among the major issues that will necessarily have to be resolved by that time are the issues Sprint outlined in its D&J, namely, NPA/NXX exchange boundary management and the real-time processing of ported customer orders.

As Sprint understands the Commission's order, a LEC may recover its LNP-related expenses for five years from the effective date of its tariff. Consequently, Sprint anticipates that all expenses associated with changes

required to accommodate wireless LNP must also be recovered during this period and as such, it is appropriate to recover these costs via the end user charge. If it is the Commission's plan to allow recovery of these expenses in another form, then Sprint shall, upon the Commission's direction, remove the cost calculations from this tariff.

**V. Sprint's Overhead Calculation Complies with the Commission's Directives.**

AT&T contends that Sprint's overhead calculations violate the *Cost Classification Order*. To the contrary, Sprint's calculations follow precisely the Bureau's directive in paragraph 36 of that order when it stated that, when determining the reasonableness of incremental overhead allocations, the Commission would "...consider the allocation factors used by state commissions to price unbundled network elements for interconnection agreements." In fact, according to the Bureau, it was AT&T that suggested the use of UNE overhead allocation because it would "...provide a reasonable benchmark estimate of the true overhead costs that the Commission should expect to be created by LNP." (Id).

This is precisely the route followed by Sprint. Sprint conducted an overhead cost study of its entire local operations with the same methodology used in all state TELRIC UNE proceedings. The North Carolina Utilities

Commission most recently adopted this methodology. Sprint is not, therefore, in violation of the Commission's order.

## **VI. Uncollectibles**

AT&T's objection to Sprint's uncollectibles calculation seems to be with what it perceives to be a lack of explanation rather than with the calculation itself. While Sprint believes it provided an adequate explanation for this line item, it offers here further clarification. Specifically, Sprint asserts that it made no demand adjustments to account for uncollectible revenue, nor have the cost of uncollectibles been included in its retail or wholesale overhead cost.

The retail uncollectible factor of 1.35% reflected on Chart 2B attached to Sprint's tariff filing was arrived at by taking total regulated local service revenues and dividing that number by the uncollectible regulated local basic service revenues. Correspondingly, the wholesale uncollectible factor of .02% utilized on Chart 3B/4B - mistakenly cited by AT&T as 2% - was calculated by taking total carrier market revenues and dividing that number by the uncollectible carrier markets revenue.

## **VII. Tax Calculation**

AT&T has asserted that Sprint incorrectly calculated the tax implications for its LNP investment. In response to AT&T's expressed concern, Sprint will review its worksheets and, if an error is found, will respond appropriately.

### **VIII. End Office to Tandem Additive.**

The end office to tandem additive questioned by AT&T is a real cost associated with carriers that have direct trunking options to the end office. This cost is incurred when the carrier fails to update its routing tables on a real-time basis, causing the carrier to pass calls coming into Sprint's end office over direct trunks, rather than directing the call to another carrier's direct trunks. This misdirected call routing causes Sprint's end office to generate a query to determine the appropriate carrier end office to which to route the call. If, for example, a CLEC is connected at Sprint's tandem, then additional switching and transport costs are incurred. If, on the other hand, the query is launched from Sprint's tandem and the CLEC has direct trunking at the end office, then additional switching and transport is required. (This provides yet another argument in favor of using the LERG effective date as notification to carriers that an NXX is LNP-capable. In this situation, the LERG will essentially notify carriers when it is appropriate to begin routing to a converted NXX).

The end office switching and transport cost is based on Sprint's weighted average switching and transport cost per minute of use from the unbundled network element studies, excluding common overheads. The average cost per minute of use is weighted based on Sprint access lines and is then multiplied by the state specific average call duration, to arrive at an average cost per call of \$.0516. The end office to tandem cost additive applies to fewer than 2% of the




total number of queried calls, thereby resulting in an additional per query cost of only \$.0009 per query. This 2% figure was stated on a basis of total calls and was correctly applied.

## CONCLUSION

Sprint has complied with the applicable Commission directives regarding cost recovery for LNP related expenses and investments. Consequently, for the reasons stated above, Sprint LTC's LNP tariff should be permitted to go into effect, as filed and AT&T's petition should be denied.

Respectfully submitted,  
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February 2, 1999

## CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 4<sup>th</sup> day of February 1999, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Reply to Petition to Reject or Suspend" In the Matter of Telephone Number Portability Tariff Filings, CC Docket No. 95-116, Sprint Local Telephone Companies Tariff F.C.C. No. 1, Transmittal No. 72, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

  
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